

## Message Text

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ACTION EUR-12

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R 040400Z AUG 76  
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TO USDOC WASHDC  
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AMEMBASSY COPENHAGEN  
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AMEMBASSY OSLO

UNCLAS STOCKHOLM 4153

E.O. 11652: N/A

TAGS: BEXP, SW

SUBJECT: MARKET RESEARCH UPDATE: FRANCHISING AND HOTEL/  
RESTAURANT EQUIPMENT

1. PRELIMINARY FINDINGS ON HRI EQUIPMENT MARKET INDICATE  
TOTAL SWEDISH MARKET OF \$45 MILLION IN 1975 (\$1 EQUALS 4.5 SWKR).  
THE MARKET IS EXPECTED TO BE \$48 MILLION IN 1979 AT 1975  
PRICES (1.5 PERCENT AVERAGE ANNUAL GROWTH IN REAL TERMS) OR \$66  
MILLION AT PROJECTED CURRENT PRICES. THE MAJOR MARKET  
TREND IS DECREASE IN IMPORTANCE OF TRADITIONAL RESTAURANTS  
AND INCREASING MARKET IN FRANCHISE AND INSTITUTIONAL FOOD  
PREPARATION SERVICES.

2. IN FRANCHISING THE THEME-RELATED AREAS OF BEST POTENTIAL  
ARE:

PREPARED FOOD TAKE-OUT SHOPS  
SPECIALTY ICE CREAM SHOPS  
STEAK AND ROAST BEEF SANDWICH RESTAURANTS  
TACO/LATIN AMERICAN SPECIALTY RESTAURANTS  
PANCAKE/WAFFLE RESTAURANTS  
FISH AND CHIP RESTAURANTS  
HEALTH AND NATURAL FOOD SHOPS  
DO-NUT SHOPS

LOW POTENTIAL DUE MARKET SATURATION:

ORDINARY HAMBURGER RESTAURANTS

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ORDINARY PIZZA RESTAURANTS

NOTE: HAMBURGER CHAINS MCDONALDS, FLOYDS, CARROLS (RECENTLY BOUGHT OUT BY GOVERNMENT ORGANIZATION AND RENAMED "CLOCK"), BURGER KING, AND WIMPYS ALREADY ESTABLISHED; PIZZA SHOPS RUN BY ITALIAN NATIONALS ARE UBIQUITOUS.

3. REGARDING FRANCHISING, THE MOST FERTIL AND UNDERVELOPED AREA FOR POTENTIAL FRANCHISERS IS PREPARED HOT FOOD FOR TAKE-OUT. COLD MEATS, OPEN-FACED SANDWICHES, SALADS, AND PASTRIES ARE NOW AVAILABLE EITHER ON-PREMISES OR FOR TAKE-OUT AT THE TRADITIONAL KONDITORIS AND ONE OR TWO DELICATESSENS IN LARGE CITIES, HOWEVER, SIMILAR SERVICES FOR HOT FOODS OTHER THAN HAMBURGERS OR SAUSAGES (HOT DOGS) IS EXTREMELY RATE. QUICK HOT MEALS FOR WORKING FAMILIES (57 PERCENT OF SWEDISH WIVES ARE EMPLOYED OUTSIDE THE HOME), SINGLES OR FAMILY OUTINGS WOULD BE VERY ATTRACTIVE. IN THE AREA OF GROCERY RETAILING THE MARKET IS WELL COVERED BY SWEDISH SUPERMARKET AND CORNER STORE CHAINS, HOWEVER, A DEFINITE POSSIBILITY EXISTS FOR A FRANCHISER WHO COULD OFFER PACKAGE GROCERY RETAIL UNITS FOR PLACEMENT IN GASOLINE SERVICE STATIONS FOR EXAMPLE.

4. COMPLETE RESEARCH UPDATE EXPECTED TO BE MAILED  
AUG 13.  
SMITH

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